

# Fitchburg Gas and Electric Light Company d/b/a Unitil

## Large Default Service Request for Proposals

### Service Periods:

Large Customer Group: September 1, 2004 – November 30, 2004

Issued: June 21, 2004

# Fitchburg Gas and Electric Light Company d/b/a/ Unitil ("Unitil")

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**Request for Proposals  
To Provide Default Service  
To Large Default Service Customers of  
Fitchburg Gas and Electric Light Company d/b/a Unitil**

**I. Introduction**

The Massachusetts Electric Industry Restructuring Act of 1997 (“Massachusetts Act”) provided for competition in the electric utility industry by extending competition in the wholesale power supply markets to retail customers through the provision of retail access to all customers. The Massachusetts Act provided access for all retail customers of Fitchburg Gas and Electric Light Company d/b/a Unitil (“Unitil”) as of March 1, 1998. The Massachusetts Act requires each distribution company to provide default service to those customers who are not receiving generation service as part of the standard offer service option or from a competitive supplier (“Default Service”).

The Massachusetts Act requires Default Service to be competitively procured. In addition, the Massachusetts Department of Telecommunications and Energy (“DTE”) conducted a proceeding on rules and procedures for the provision of and pricing of Default Service in which DTE ordered all electric companies in Massachusetts to procure Default Service through competitive solicitations by customer group and to procure such power at fixed monthly prices<sup>1</sup>. For Unitil, two customer groups have been established. One group contains residential and small commercial and industrial (“C&I”) customers (“Small Customer Group”), the other group contains medium and large C&I customers (“Large Customer Group”).

DTE has more recently conducted another proceeding addressing rules and procedures for the provision and pricing of Default Service in which it has clarified procurement rules with regard to Standard Market Design (“SMD”) and modified the procurement schedules<sup>2</sup>. Since Unitil’s customers are located in a single SMD load zone, the SMD clarification does not impact this RFP. Unitil’s procurement schedule has however been impacted by the recent DTE orders. Unitil now procures 50% of default service power requirements for its Small Customer Group for twelve month periods on a staggered, semi-annual basis. Unitil also procures 100% of default service power requirements for its Large Customer Group on a quarterly basis.

Unitil has issued this RFP to solicit competing power supply offers to supply firm, load-following power to serve 100% of its Large Customer Group Default Service load for the quarterly period of September 1, 2004 through November 30, 2004.

Unitil will obtain Renewable Energy Certificates (“RECs”) required for compliance with Massachusetts Renewable Portfolio Standard (“RPS”) regulations under a separate

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<sup>1</sup> See Dockets D.T.E. 99-60-A and D.T.E. 99-60-B.

<sup>2</sup> See Dockets D.T.E. 02-40-A, D.T.E. 02-40-B and D.T.E. 02-40-C.

process. As such, there are no requirements to provide RECs associated with the service sought herein.

This RFP provides background information and historical data, details the service requirements and commercial terms, and elaborates on the procedures to be employed by Unitil to select the winning supplier. The appendices to this RFP and related data files have been included as separate electronic files along with this document in a compressed electronic file ("FG&E dba Unitil Default RFP, 2004-06.zip"). The contents of each file are described in this document. Please contact Rob Furino at (603) 773-6452 with any questions regarding these materials.

## **II. Description of Default Service**

Unitil is soliciting load-following power supply offers to meet the needs of its ultimate customers who are taking service under its Default Service tariff<sup>3</sup>. As described in the tariff, Default Service is provided to retail customers who are not otherwise eligible for standard offer service and who are not taking service from a competitive supplier. Default Service can be initiated by: (a) a customer notifying Unitil that they wish to terminate service from their competitive supplier and commence Default Service; (b) a competitive supplier notifying Unitil that it is terminating service to a customer; (c) a competitive supplier ceasing to provide service to a customer without notifying Unitil; or (d) a customer moving into Unitil's service territory after March 1, 1998, who has not affirmatively chosen a competitive supplier and is not otherwise eligible for standard offer service.

This solicitation seeks bids to serve Unitil's Large Customer Group, which is comprised of the customer rate classes shown in the following table. As also shown, the loads associated with the Large Customer Group are modeled in the NEPOOL market system as load asset number 1095 ("Load Asset").

<b>Customer Group</b>	<b>Load Asset #</b>	<b>Customer Rate Class</b>
Large Customer Group	1095	GD-2, GD-3, GD-4, GD-5 and SD

The amount of Default Service to be supplied by the winning bidder will be determined in accordance with the retail load associated with those customers who from time to time rely on Default Service. Unitil cannot predict the number of customers that will rely on Default Service, how much load will be represented by these customers, or how long they will continue to take Default Service. Unitil expressly reserves the right to encourage customers to choose their own supplier from the competitive marketplace instead of taking Default Service.

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<sup>3</sup> A copy of Unitil's current Default Service tariff, effective June 1, 2004, is attached as Appendix E, see file "App E – DS Tariff.pdf".

### Data Provided

To assist respondents in determining the potential load requirements, a variety of data has been provided with this RFP. Such data include the following.

- ? Historic Hourly Loads are provided for Unitil's Large Customer Group for the period January 1, 2002 through June 17, 2004 (please see file "Hourly Loads.xls").
- ? Historic Retail Monthly Sales data from DOER 110 reports filed by Unitil from April 1999 through May 2004 have been compiled and provided in Excel format. The DOER 110 report details by customer rate class the number of customers and monthly retail billed kWh sales delivered to customers receiving standard offer service, Default Service and generation service from competitive suppliers (please see file "DOER 110 Reports.xls").
- ? Class average load shapes (8760 hours) are available on Unitil's website at <http://services.Unitil.com/fge/loadshapes.asp>.
- ? Distribution System Loss Factors are as shown in the following table. Please note that quantity of supply sought via this RFP includes distribution losses internal to Unitil's system and will be purchased by Unitil from the winning bidder. Distribution losses are embedded in the historical hourly load data provided and should not be netted since the hourly loads are the supply requirements and the billing determinants.

Rate Class	Distribution Loss Factor
GD-2, GD-4, GD-5	7.72%
GD-3	4.48%
SD	6.71%

- ? Large Customer Concentration is demonstrated by a listing of the 2003 annual energy and demand requirements of Unitil's largest 25 customers. This listing also indicates the current supply type (Standard Offer Service, Default Service or competitive generation) for each customer (please see file "Large Customers.xls").
- ? Evaluation Loads that Unitil will use to calculate weighted average prices of bids received from Respondents for the purpose of comparing competing bids on the basis of price are provided. These estimated loads may be instructive to Respondents, but should in no way be construed to represent any contract quantity or billing determinant or to create any obligation to any party (please see file "Evaluation Loads.xls").

### **III. General Provisions**

#### **Terms and Conditions**

A single winning bidder will be selected to provide Default Service to the Large Customer Group during the supply obligation period of this RFP, specifically from September 1, 2004 through November 30, 2004. Unitil is offering two options for establishing contractual terms and conditions for the provision of Default Service as sought herein. Respondents may choose either to enter into an EEI Master Agreement with Unitil (if one does not currently exist) and execute the transaction confirmation letter (“EEI Confirm”) contained in Appendix B (see file “App B – EEI Confirm.doc”), or to execute the Default Service Power Contract (“DS Contract”) contained in Appendix C (see file “App C – DS Contract.doc”). The winning bidder will be required to execute either the EEI Master Agreement and EEI Confirm or the DS Contract within three (3) business days of being notified it was selected as the winner. For new EEI Agreements, Unitil intends to enter into only unilateral, or one-way, agreements by re-defining the term “Transaction” to mean sales by Seller and purchases by Unitil of a Product pursuant to the Master Agreement. For respondents who do not have an existing Master Agreement with Unitil, a copy of Unitil’s proposed EEI Cover Sheet is attached as Appendix D (see file “App D – EEI Cover Sheet.doc”).

The obligations of both parties under the EEI Confirm or the DS Contract are subject to and conditioned upon the Massachusetts DTE’s approval of the retail rates derived from the transaction sought in this solicitation. Unitil will use its best efforts to obtain Massachusetts DTE’s approval.

#### **Proposal Process and Submission Date**

The following table outlines key dates associated with this procurement process.

<b>Item</b>	<b>Date</b>
RFP Issued	Mon, 6/21/04
Proposal Submission Forms Due	Thu, 7/8/04 – 12pm EPT
Final Pricing Due	Fri, 7/16/04 – 10am EPT
Winning Bidder Notified	Fri, 7/16/04 – 1pm EPT
Contract Executed	Tue, 7/20/04
Unitil files for DTE Approval of Rates	Thu, 7/22/04
Anticipated DTE Approval of Rates	Thu, 7/29/04
Commence Delivery	Wed, 9/1/04

Respondents to this RFP for Large Customer Default Service must submit one copy of the completed Proposal Submission Form, attached as Appendix A (see file “App A –

Submission Form.doc”), via e-mail to [furino@unitil.com](mailto:furino@unitil.com) by **12:00 p.m. EPT on Thursday July 8, 2004**. Please mark submissions “FG&E d/b/a Unitil Default Service Bid.” Please refer to Section V, Proposal Requirements for further instructions. Proposed pricing must be as described in the Proposed Pricing portion of Section V, and must reflect the provision of power supply services as described in the Form of Service portion of Section IV.

Respondents will have the opportunity to modify their pricing proposals until 10:00 a.m. EPT on Friday, January 16, 2004, when final binding bids are due. There will not be a screening process, therefore all respondents who submit proposals on July 16, 2004 will be invited to submit final pricing. However, if a bidder is unable to affirm contractual terms acceptable to Unitil prior to the submission of final bids, the absence of such known and acceptable contract terms will likely be a significant, negative factor in Unitil’s selection of the winning bidder. Unitil intends to confirm final pricing, evaluate competing bids, and select and notify the winning bidder by 1:00 p.m. EPT on Friday, July 16, 2004.

Unitil, at its sole discretion, reserves the right to issue additional instructions or requests for additional information, to extend the due date, to modify any provision in the RFP or any appendix hereto or to withdraw the RFP.

#### Contact Person and Questions

Questions regarding this RFP should be submitted in writing to Rob Furino at [furino@Unitil.com](mailto:furino@Unitil.com). Unitil will attempt to respond to all questions within 24 hours of receipt. Rob Furino can be reached at (603) 773-6452.

#### Right to Select Supplier

Unitil shall have the exclusive right to select or reject any and/or all of the proposals submitted at any time, for any reason and to disregard any submission not prepared according to the requirements contained in this RFP.

#### Customer Billing and Customer Service

The Default Service power supply procured under this RFP will be a wholesale supply. As such, the winning supplier will have no retail customer contact in any form. All customers taking Default Service will be retail customers of Unitil. As the retail provider of such service, Unitil will provide billing and customer service to customers receiving Default Service. In addition, Unitil will assume responsibility for the ultimate collection of moneys owed by customers in accordance with rules and regulations approved by the Massachusetts DTE.

### **IV. Service Features**

#### Supply Obligation Period

For the Large Customer Group, the supply obligation period will commence at 0001 hours on September 1, 2004 and will terminate at 2400 hours on November 30, 2004.

### Delivery Point

Currently, the load obligation associated with the Load Asset is settled at the West Central Massachusetts Load Zone. In the event that NEPOOL, or any successor entity, implements nodal settlement of load obligations, supplier will be responsible for all relevant charges at the node where the Load Asset is settled. The load physically exists and is metered at the Flag Pond substation.

### Form of Service

The winning supplier shall provide firm, load-following power for delivery to ultimate customers taking service under Unitil's Default Service tariff (see Appendix E). The obligations and responsibilities associated with providing Default Service shall be transferred to the winning supplier via an Ownership Share for Load Asset, utilizing the NEPOOL Asset Registration Process for the Load Asset. The quantity of service that the supplier will be responsible to deliver, and that Unitil will be responsible to purchase, includes the local distribution losses associated with delivery of electricity from the delivery point to the customers' meters, as described in the Data Provided portion of Section II.

Supplier shall be responsible for providing and paying for all energy and capacity services and for all ancillary services allocated to the Electrical Load (as defined in the RNA), associated with the Load Asset, as required by NEPOOL rules and/or the ISO New England, Inc. ("ISO") rules or their successors. Unitil shall be responsible for providing and paying for the transmission of the power across NEPOOL PTF and for all ancillary services allocated to the Network Load (as defined in the NEPOOL OATT), associated with the Load Asset. The specific requirements regarding the provision of energy, capacity and ancillary services by the supplier, and regarding the provision of transmission service by Unitil are detailed in the proposed EEI Confirm in Appendix B (under "Product" description) and in the proposed DS Contract in Appendix C (Section 1.3.1, Power Supply Obligations).

Unitil will report Default Service loads associated with the Load Asset to ISO-NE on a daily basis in accordance with the reporting practices in New England. The load reported for Default Service customers will incorporate appropriate load allocation and estimation techniques and available meter readings for customers receiving Default Service from Unitil. Month end adjustments, based on customer meter readings, will be made to loads approximately 45 days after each month. Such adjustments will be priced at the contract price in effect for the month the load was served.

### Renewable Energy Portfolio Standards

The Massachusetts Act required the Division of Energy Resources ("DOER") to establish a Renewable Energy Portfolio Standard ("RPS") for all retail electricity suppliers selling electricity to end-use consumers in Massachusetts. Implementation of the RPS began on January 1, 2003 and requires Unitil to demonstrate compliance with RPS regulations. Unitil intends to acquire Renewable Energy Certificates ("RECs") under a separate process and therefore the service sought via this RFP does not include the provision of

RECs for RPS compliance. However, the winning supplier will be required to transfer the certificates obligation associated with the Default Service load to Unitil's NEPOOL GIS account so that Unitil can demonstrate compliance with RPS regulations.

## **V. Proposal Requirements**

### **Requested Information**

Each respondent to this RFP must provide the information identified in the Proposal Submission Form attached as Appendix A (see file "App A – Submission Form.doc"). Respondents may simply complete the Submission Form in any legible fashion and return it to Rob Furino as indicated in Section III. In addition, proposals should contain explanatory, descriptive and/or supporting materials as necessary. Respondents who have participated in Unitil's RFPs for Default Service during the past year may refer to a prior proposal submission form and include only new or updated information on the new form.

Respondents will find that Unitil requests on its Proposal Submission Form that bidders indicate whether they will extend sufficient financial credit to Unitil to facilitate the transaction sought. Unitil has included with this RFP a copy of its most recent financials (please see file "FG&E dba Unitil Financials.zip"). Additionally, security terms are proposed in the DS Contract and the EEI Cover Sheet, Appendices C and D, respectively. Respondents are also asked to indicate whether they agree that the resulting EEI Confirm or DS Contract is subject to DTE approval of supporting retail rates as sought by Unitil. Respondents are strongly encouraged to indicate the financial security requirements they propose, along with any substantive contract revisions they propose, with their proposals on Thursday, July 8, 2004.

Unitil will treat all information received from respondents in a confidential manner and will not, except as required by law or regulatory authority, disclose such information to any third party or use such information for any purpose other than to evaluate the respondent's ability to perform under the EEI Master Agreement and EEI Confirm or the Default Service Power Contract.

### **Proposed Pricing**

Respondents must specify the prices, in ¢/kWh, at which they will provide Default Service for the Large Customer Group. Proposed prices may vary by calendar month, but must be uniform for the entire calendar month and must cover the entire supply obligation period sought. Purchases will be made on an "as-delivered" energy basis for all kWh reported to the ISO for Load Asset 1095 (Unitil's Large Customer Group Default Service).

Proposals that contain time of use pricing, other forms of variable pricing, quantity restrictions, demand charges, or other fixed charges will be rejected.

### **Bidder Requirements**

In order to secure reliable, low cost Default Service for its customers, Unitil wishes to include all qualified power suppliers in this solicitation.

Bidders must have access to the NEPOOL settlement process for the entire term of the sale, either as a Participant in NEPOOL or via arrangements with a Participant to utilize their settlement process.

Respondents are strongly encouraged to establish mutually acceptable contract terms, including financial security arrangements, with Unitil prior to submission of final bids on Friday, July 16, 2004.

## **VI. Evaluation Criteria**

The principal criteria to be used in evaluating proposals will include, but may not be limited to:

- ? Lowest evaluated bid price over the supply obligation period;
- ? Financial and operational viability of the bidder, including the establishment of mutually acceptable financial security arrangements; and
- ? Responsiveness to non-price requirements and a firm agreement on contractual terms, including the reasonable extension of financial credit to Unitil and agreement that the proposed transaction is subject to DTE approval of retail rates as sought by Unitil to cover the cost of the transaction.

Respondent pricing will be evaluated by weighting the fixed monthly pricing according to the evaluation loads provided in the file "Evaluation Loads.xls" as described at the end of Section II.

RESPONDENT: \_\_\_\_\_

FG&E d/b/a Unitil Default Service RFP  
Proposal Submission Form  
Due Thu, July 8, 2004

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**APPENDIX A: PROPOSAL SUBMISSION FORM**

RESPONDENT: \_\_\_\_\_

**1. General Information**

Name of Respondent	
Name of Parent or Guarantor (if any)	
Principal contact person <input type="checkbox"/> Name <input type="checkbox"/> Title <input type="checkbox"/> Company <input type="checkbox"/> Mailing address <input type="checkbox"/> Telephone number <input type="checkbox"/> Fax number <input type="checkbox"/> E-mail address	
Secondary contact person (if any) <input type="checkbox"/> Name <input type="checkbox"/> Title <input type="checkbox"/> Company <input type="checkbox"/> Mailing address <input type="checkbox"/> Telephone number <input type="checkbox"/> Fax number <input type="checkbox"/> E-mail address	
Legal status of Respondent (e.g., sole proprietorship, partnership, limited partnership, joint venture, or corporation)	
State of incorporation, residency or organization	
The names of all general and limited partners (if Respondent is a partnership)	

RESPONDENT: \_\_\_\_\_

Description of Respondent and all relevant affiliated entities and joint ventures	
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**2. Financial Information**

Please provide the following for Respondent and for Parent or Guarantor (if any)	Respondent	Parent or Guarantor
Current debt ratings, including names of rating agencies and dates of ratings. If entity is not rated, please indicate.		
Date last fiscal year ended.		
Total revenue for the most recent fiscal year.		
Total net income for the most recent fiscal year.		
Total assets as of the close of the previous fiscal year.		
DUNS Number and Federal Tax ID.		
Please provide a copy of the most recent financials including balance sheet, income statement and cash flow statement.		

RESPONDENT: \_\_\_\_\_

**3. Defaults and Adverse Situations**

<p>Describe, in detail, any situation in which Respondent (either alone or as part of a joint venture), or an affiliate of Respondent, defaulted or was deemed to be in noncompliance of its contractual obligations to deliver energy and/or capacity at wholesale within the past five years.</p> <p>Explain the situation, its outcome and all other relevant facts associated with the event described.</p> <p>Please also identify the name, title and telephone number of the principal manager of the customer/client who asserted the event of default or noncompliance.</p>	
<p>Describe any facts presently known to Respondent that might adversely affect its ability to provide the service(s) bid herein as provided for in the Request for Proposals.</p>	

**4. NEPOOL and Power Supply Experience**

<p>Is Respondent a member of NEPOOL?</p>	
<p>Please list Respondent's NEPOOL Participant ID.</p>	
<p>If Respondent is NOT a NEPOOL member, list the name and Participant ID of the NEPOOL member who will carry Respondent's obligations in its settlement account. Please provide a supporting statement and contact information from such member.</p>	

RESPONDENT: \_\_\_\_\_

Describe Respondent's experience and record of performance in the areas of power marketing, brokering, sales, and/or contracting, for the last five years within NEPOOL and/or the New England region.	
Provide three references (name, title and contact information) who have contracted with the Respondent for load-following services or who can attest to Respondent's ability in the areas of power supply portfolio management within the past 2 years.	

**5. Non Price Terms**

Does Respondent extend sufficient financial credit to FG&E to facilitate the transaction(s) sought via this RFP?	YES or NO
Please indicate what, if any, financial security requirements Respondent has of FG&E in order to secure the extension of credit. Please attach any proposed contractual language.	
Does Respondent agree that the obligations of both parties are subject to and conditioned upon the Massachusetts DTE's approval of the retail rates derived from the transaction sought in this solicitation?	YES or NO
Please list all regulatory approvals required before service can commence.	

RESPONDENT: \_\_\_\_\_

<p>Please indicate contractual preference:</p> <p>Respondent prefers to provide service under terms substantially similar to those in the <u>Transaction Confirmation Letter</u> (“Confirm”) contained in Appendix B. Respondent acknowledges that this option requires Respondent to establish an EEI Master Agreement with FG&amp;E, if one does not already exist.</p> <p>- or -</p> <p>Respondent prefers to execute a contract substantially similar to the <u>Default Service Power Contract</u> (“Contract”) contained in Appendix C.</p>	<p>EEI and CONFIRM</p> <p>or</p> <p>CONTRACT</p>
<p>Please provide any proposed modifications to either the <u>Transaction Confirmation Letter</u> in Appendix B and the <u>EEI Cover Sheet</u> (if needed) in Appendix D or the <u>Default Service Power Contract</u> in Appendix C.</p> <p>Please briefly list issues here and provide proposed changes to the language in the document in revision marking mode as appropriate.</p>	

RESPONDENT: \_\_\_\_\_

Proposal Submission Form

Due Thu, July 8, 2004

**6. PROPOSED PRICING (Indicative)**

Large Customer Group  
(Rates GD-2, GD-3, GD-4, GD-5, SD)

Month	Percent of Load Asset 1095	Bid Prices (¢/kWh)
Sep-04	100%	
Oct-04	100%	
Nov-04	100%	

Notes:

- ? The bids submitted here are subject to the terms of the Default Service Request for Proposals issued by FG&E on June 21, 2004.
- ? The kWh price should be in format of: “3.90” cents, “4.50” cents, etc.
- ? FG&E will not accept bids that contain time of use pricing, other forms of variable pricing, quantity restrictions, demand charges, or other fixed charges.
- ? Local distribution losses from the delivery point to customers’ meters are included in the quantity of service and should not be priced separately.
- ? The pricing should not reflect the provision of Renewable Energy Credits (RECs) needed to comply with the Renewable Portfolio Standards (RPS) established in Massachusetts.

RESPONDENT: \_\_\_\_\_

FINAL PRICING

Due Fri, July 16, 2004

**6. PROPOSED PRICING (Final)**

Large Customer Group  
(Rates GD-2, GD-3, GD-4, GD-5, SD)

Month	Percent of Load Asset 1095	Bid Prices (¢/kWh)
Sep-04	100%	
Oct-04	100%	
Nov-04	100%	

## Notes:

- ? The bids submitted here are subject to the terms of the Default Service Request for Proposals issued by FG&E on June 21, 2004.
- ? The kWh price should be in format of: “3.90” cents, “4.50” cents, etc.
- ? FG&E will not accept bids that contain time of use pricing, other forms of variable pricing, quantity restrictions, demand charges, or other fixed charges.
- ? Local distribution losses from the delivery point to customers’ meters are included in the quantity of service and should not be priced separately.
- ? The pricing should not reflect the provision of Renewable Energy Credits (RECs) needed to comply with the Renewable Portfolio Standards (RPS) established in Massachusetts.

**APPENDIX B: EEI MASTER AGREEMENT TRANSACTION CONFIRMATION LETTER**

**MASTER POWER PURCHASE AND SALE AGREEMENT  
CONFIRMATION LETTER**

This Confirmation Letter shall confirm the Transaction agreed to on (July 16, 2004) between Fitchburg Gas and Electric Light Company ("FG&E" or "Party A") and \_\_\_\_\_ ("Seller" or "Party B") regarding the sale/purchase of the Product under the terms and conditions as follows:

Seller: \_\_\_\_\_

Buyer: FG&E

Product:

☒ Firm (LD)

It is understood that Seller's obligations hereunder are Firm (LD) and Seller accordingly shall provide firm, load-following power for delivery to ultimate customers taking service under Buyer's Default Service tariff. The obligations and responsibilities associated with providing service under this Transaction shall be transferred to Seller via an Ownership Share (as defined in the Restated New England Power Pool ("NEPOOL") Agreement ("RNA")) for Load Asset (as defined in the RNA), utilizing the NEPOOL Asset Registration Process (as defined in the NEPOOL Manual for Definitions and Abbreviations Manual M35 ("Manual M-35"), for the Load Asset listed under Contract Quantity ("Default Service Load Asset"). Upon termination of this Transaction, the obligations and responsibilities associated with providing service under this Transaction shall be returned to Buyer utilizing the NEPOOL Asset Registration Process as described above.

Seller shall be responsible for providing and paying for all energy, capacity and ancillary services, allocated to the Electrical Load (as defined in the RNA), and associated with the Default Service Load Asset, as required by NEPOOL rules and/or the ISO New England, Inc. ("ISO") rules or their successors. Buyer shall be responsible for providing and paying for the transmission of the power across NEPOOL PTF (as defined in the Restated NEPOOL Open Access Transmission Tariff ("NEPOOL OATT")) and any ancillary services, allocated to the Network Load (as defined in the NEPOOL OATT), associated with the Default Service Load Asset.

If NEPOOL and/or ISO rules are changed after the date of this Confirmation Letter, which change the allocation of currently existing charges or credits from Electrical Load to Network Load, then the Seller shall charge or compensate FG&E for such charges or credits, associated with the Default Service Load Asset. If NEPOOL and/or ISO rules are changed after the date of this Confirmation Letter, which change the allocation of currently existing charges or credits from Network Load to Electrical Load, then FG&E shall compensate or charge the Seller for such charges or credits. If NEPOOL and/or ISO rules are changed after the date of this Confirmation Letter, which create new charges, associated with the Default Service Load Asset, then the Seller shall pay such new charges, if allocated to the Seller, and FG&E shall pay such new charges, if allocated to FG&E.

Provision of energy includes, but is not limited to the following. Seller is responsible for all components of Locational Marginal Prices (as defined in NEPOOL Market Rule 1 ("MR 1")) including the Energy Component, Loss Component, and Congestion Component (each as defined in MR 1) in both the Day-Ahead Energy Market and Real-Time Energy Market (each as defined in MR 1). Currently, the energy obligation, associated with the Default Service Load Asset, is

## EXHIBIT A

settled at the West Central Massachusetts Load Zone (as defined in MR 1). In the event that NEPOOL implements nodal settlement of load obligations of the DayAhead and Real-Time Energy Markets, Seller is responsible for DayAhead Energy Market charges and RealTime Energy Market charges at the node, where the Default Service Load Asset is settled. Seller shall also be responsible for Emergency Energy (as defined in M35) charges or revenues and any Inadvertent Energy Charges or Credits (as defined in M35).

Provision of capacity includes, but is not limited to the following. Seller is responsible for any ICAP Market (as defined in NEPOOL Manual M20) charges, associated with the Default Service Load Asset. Currently, the ICAP obligation, associated with the Default Service Load Asset, can be satisfied with any resource in the NEPOOL control area. In the event that NEPOOL implements Locational ICAP, then the Seller will be responsible for providing ICAP at the location, required to meet the ICAP obligation, associated with the Default Service Load Asset.

Provision of ancillary services, required of the Seller, includes, but is not limited to Regulation, Operating Reserves (each as defined in M35), and any transmission dispatch or power administration services, as may be allocated to Electrical Load in accordance with NEPOOL and ISO rules. If NEPOOL implements a Forward Operating Reserves (to be defined in MR 1) market, then the Seller shall be responsible for any such charges associated with the Default Service Load Asset. If NEPOOL implements Locational Operating Reserves, then the Seller shall be responsible for providing the Operating Reserves at the location, required to meet the Operating Reserve obligation, associated with the Default Service Load Asset.

Provision of transmission across NEPOOL PTF, required of FG&E, includes, but is not limited to taking Regional Network Service under the NEPOOL Open Access Transmission Tariff and taking Network Integration Transmission Service under the New England Power Company Open Access Transmission Tariff. Provision of ancillary services, required by the Buyer, includes, but is not limited to any transmission dispatch or power administration services as may be allocated to Network Load in accordance with NEPOOL and ISO rules.

### Contract Quantity:

As a load-following Transaction, the Contract Quantity will be the hourly loads reported by Buyer associated with the Load Asset listed below, which represents the loads of ultimate customers taking service under Buyer's Default Service Tariff:

Load Asset 1095 [100%] - Buyer's Large Customer Group customers taking Default Service, including rate classes GD2, GD-3, GD-4, GD-5 and SD.

Buyer shall estimate the total hourly loads associated with the above Load Asset based upon typical load profiles developed for each customer rate class, actual metered data as available and Buyer's actual total hourly system load, as metered at Flag Pond, the interconnection between FG&E and the New England Power Company transmission system. Buyer shall use commercially reasonable efforts to report to both ISO and Seller the amount of the estimated hourly loads, as metered at Flag Pond, by 1300 hours of the second following Business Day, or at such other time as may be required by NEPOOL or the ISO. Within 45 days after the end of each month, or at such other time as may be required by NEPOOL or the ISO, Buyer shall reestimate the hourly loads based upon actual metered data for the given month and report such revised hourly estimates to both ISO and Seller for such month. The hourly load adjustments shall be priced at the Contract Price in effect during the month Product was delivered.

## Confirmation Letter

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### Delivery Point:

Each component of Product (energy, capacity, and ancillary services) sold pursuant to this Confirmation Letter is to be delivered as described in the Product section of this Confirmation Letter.

### Contract Price:

The monthly Contract Prices, listed below, shall be multiplied by the monthly volume, as metered at Flag Pond using the estimation process described under Contract Quantity, associated with the Default Service Load Asset.

#### \$/MWh for Large Customer Group / Load Asset 1095

September 2004	\$_____	100% of Load Asset
October 2004	\$_____	100% of Load Asset
November 2004	\$_____	100% of Load Asset

### Delivery Period:

HE 0100 September 1, 2004 through HE 2400 November 30, 2004 for the Large Customer Group / Load Asset 1095.

### Special Conditions:

It is understood that Seller is a member of NEPOOL and is a signatory to the NEPOOL Agreement or has made arrangements with a NEPOOL Participant to provide settlement services for the duration of the Transaction set forth in this Confirmation Letter. The provision of Product under this Transaction is subject to the provisions of the NEPOOL Agreement.

The obligations of FG&E and Seller are subject to and conditioned upon FG&E securing the Massachusetts DTE's approval of the retail rates pursuant to this Transaction, which FG&E will use its best efforts to obtain. FG&E will immediately send written notice to Seller as soon as it is notified by the Massachusetts DTE that the retail rates have been either approved or rejected.

### Scheduling:

Seller shall have all scheduling and bidding rights and obligations associated with Load Serving Entities under the RNA for the Default Service Load Asset served pursuant to this Confirmation Letter.

Seller shall transfer the Certificates Obligation (as defined in the NEPOOL Generation Information System Operating Procedures), associated with the Default Service Load Asset into FG&E's NEPOOL Generation Information System Account. FG&E is obligated to confirm this transfer in the NEPOOL Generation Information System.

Confirmation Letter

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This Confirmation Letter is being provided pursuant to and in accordance with the Master Power Purchase and Sale Agreement dated \_\_\_\_\_ (the “Master Agreement”) between FG&E and Seller, and constitutes part of and is subject to the terms and provisions of such Master Agreement. Terms used but not defined herein shall have the meanings ascribed to them in the Master Agreement.

Fitchburg Gas and Electric Light Company

[Party B]

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Phone No: \_\_\_\_\_

Phone No: \_\_\_\_\_

Fax: \_\_\_\_\_

Fax: \_\_\_\_\_

## **APPENDIX C: DEFAULT SERVICE POWER CONTRACT**

**DEFAULT SERVICE POWER CONTRACT BETWEEN  
FITCHBURG GAS AND ELECTRIC LIGHT COMPANY d/b/a/ UNITIL  
AND  
(DEFAULT SERVICE SUPPLIER)**

**ARTICLE 1**

**General Terms and Conditions**

1.1 General Purpose

This Default Service Power Contract (the "Power Contract") dated as of July \_\_, 2004 is by and between Default Service Supplier (the "Seller") and Fitchburg Gas and Electric Light Company d/b/a Unitil ("Unitil" or "Buyer"). Pursuant to this Power Contract, Seller will supply firm full requirements service as necessary to serve the Buyer's Default Service loads associated with the Default Service Load Asset listed in Section 1.2 during the term of this Power Contract. Terms used herein and defined in the Restated New England Power Pool ("NEPOOL") Agreement dated December 1, 1996, as amended, or any successor or replacement agreement ("RNA") shall have the same meaning (unless otherwise specifically defined herein).

1.2 Availability and Term

Sales under this Power Contract by Seller are available to Buyer only for resale to retail customers who are taking service from Buyer under Buyer's retail Default Service tariff whose loads are reported to NEPOOL under the following Load Asset.

- ? Load Asset 1095 – Buyer's Large Customer Group taking Default Service, consisting of rate classes GD-2, GD-3, GD-4, GD-5 and SD ("Default Service Load Asset").

This Power Contract covers sales to Buyer for the Default Service Load Asset for the supply obligation period starting 0001 hours on September 1, 2004, and ending 2400 hours on November 30, 2004.

This Power Contract will terminate of its own accord on November 30, 2004 and may not be terminated prior to that date by either the Buyer or the Seller, except as specified in Section 1.12. Its terms shall remain in effect beyond such termination date in order to complete billing and payment of any transaction occurring during the term of this Power Contract.

1.3 Obligations of the Parties

1.3.1 Power Supply Obligations

Seller shall provide firm, load-following power for delivery to ultimate customers in the rate classes identified in Section 1.2 who take service under Buyer's Default Service tariff.

The obligations and responsibilities associated with providing service under this Power Contract shall be transferred to Seller via an Ownership Share (as defined in the RNA) for Load Asset (as defined in the RNA), utilizing the NEPOOL Asset Registration Process (as defined in the NEPOOL Manual for Definitions and Abbreviations Manual M5 ("Manual

M-35))), for the percentage share of the Default Service Load Asset listed under Section 1.2, Availability and Term. Upon termination or expiration of this Power Contract, the obligations and responsibilities associated with providing service under this Power Contract shall be returned to Buyer utilizing the NEPOOL Asset Registration Process as described above.

Seller shall be responsible for providing and paying for all energy, capacity and ancillary services, allocated to the Electrical Load (as defined in the RNA), associated with the Default Service Load Asset, as required by NEPOOL rules and/or the ISO New England, Inc. ("ISO") rules or their successors. Buyer shall be responsible for providing and paying for the transmission of the power across NEPOOL PTF (as defined in the Restated NEPOOL Open Access Transmission Tariff ("NEPOOL OATT")) and any ancillary services, allocated to the Network Load (as defined in the NEPOOL OATT), associated with the Default Service Load Asset.

If NEPOOL and/or ISO rules are changed after the date of this Power Contract, which change the allocation of currently existing charges or credits from Electrical Load to Network Load, then the Seller shall charge or compensate FG&E for such charges or credits associated with Default Service Load Asset. If NEPOOL and/or ISO rules are changed after the date of this Power Contract, which change the allocation of currently existing charges or credits from Network Load to Electrical Load, then FG&E shall charge or compensate the Seller for such charges or credits. If NEPOOL and/or ISO rules are changed after the date of this Power Contract, which create new charges, associated with Default Service Load Asset, then the Seller shall pay such new charges, if allocated to the Seller, and FG&E shall pay such new charges, if allocated to FG&E.

Provision of energy includes, but is not limited to the following. Seller is responsible for all components of Locational Marginal Prices (as defined in NEPOOL Market Rule 1 ("MR 1")) including the Energy Component, Loss Component, and Congestion Component (each as defined in MR 1) in both the Day Ahead Energy Market and Real-Time Energy Market (each as defined in MR 1). Currently, the energy obligation, associated with Default Service Load Asset, is settled at the West Central Massachusetts Load Zone (as defined in MR 1). In the event that NEPOOL implements nodal settlement of load obligations of the Day-Ahead and Real-Time Energy Markets, Seller is responsible for Day-Ahead Energy Market charges and Real-Time Energy Market charges at the node, where Default Service Load Asset is settled. Seller shall also be responsible for Emergency Energy (as defined in M35) charges or revenues and any Inadvertent Energy Charges or Credits (as defined in M35).

Provision of capacity includes, but is not limited to the following. Seller is responsible for any ICAP Market (as defined in NEPOOL Manual M20) charges, associated with Default Service Load Asset. Currently, the ICAP obligation, associated with Default Service Load Asset, can be satisfied with any resource in the NEPOOL control area. In the event that NEPOOL implements Locational ICAP, then the Seller will be responsible for providing ICAP at the location, required to meet the ICAP obligation, associated with Default Service Load Asset.

Provision of ancillary services, required of the Seller, includes, but is not limited to Regulation, Operating Reserves (each as defined in M35), and any transmission dispatch

or power administration services, as may be allocated to Electrical Load in accordance with NEPOOL and ISO rules. If NEPOOL implements a Forward Operating Reserves (to be defined in MR 1) market, then the Seller shall be responsible for any such charges associated with Default Service Load Asset. If NEPOOL implements Locational Operating Reserves, then the Seller shall be responsible for providing the Operating Reserves at the location, required to meet the Operating Reserve obligation, associated with Default Service Load Asset.

Provision of transmission across NEPOOL PTF, required of FG&E, includes, but is not limited to taking Regional Network Service under the NEPOOL Open Access Transmission Tariff and taking Network Integration Transmission Service under the New England Power Company Open Access Transmission Tariff. Provision of ancillary services, required by the Buyer, includes, but is not limited to any transmission dispatch or power administration services, as may be allocated to Network Load in accordance with NEPOOL and ISO rules.

### 1.3.2 Load Reporting Obligations

Buyer shall estimate the total hourly loads associated with Default Service Load Asset based upon typical load profiles developed for each customer rate class, actual metered data as available and Buyer's actual total hourly system load, as metered at Flag Pond, the interconnection between FG&E and the New England Power Company transmission system. Buyer shall use commercially reasonable efforts to report to both ISO and Seller the amount of the estimated hourly loads, as metered at Flag Pond, by 1300 hours of the second following Business Day, or at such other time as may be required by NEPOOL or the ISO. Within 45 days after the end of each month, or at other such time as may be required by NEPOOL or the ISO, Buyer shall re-estimate the hourly loads based upon actual metered data for the given month and report such revised hourly estimates to both ISO and Seller for such month. The hourly load adjustments shall be priced at the Contract Price in effect during the month Product was delivered.

### 1.3.3 Scheduling Obligations

Seller shall have all scheduling and bidding rights and obligations associated with Load Serving Entities under the RNA for Default Service Load Asset pursuant to this Power Contract.

Seller shall transfer the Certificates Obligation (as defined in the NEPOOL Generation Information System Operating Procedures), associated with Default Service Load Asset into FG&E's NEPOOL Generation Information System Account. FG&E is obligated to confirm this transfer in the NEPOOL Generation Information System.

## 1.4 Rights and Approvals

The obligations of FG&E and Seller are subject to and conditioned upon FG&E securing the Massachusetts DTE's approval of the retail rates pursuant to this Power Contract, which FG&E

will use its best efforts to obtain. FG&E will immediately send written notice to Seller as soon as it is notified by the Massachusetts DTE that the retail rates have been either approved or rejected.

### 1.5 Delivery Point

The Delivery Point of each component of the load-following power (energy, capacity, and ancillary services) shall be delivered as described in 1.3.1 Power Supply Obligations of this Power Contract.

### 1.6 Dispatch

It is understood that the Seller is a member of the New England Power Pool ("NEPOOL") and is a signatory to the NEPOOL Agreement or has made an arrangement with a NEPOOL Participant to provide settlement services for the duration of this Power Contract. This Power Contract is subject to the provisions of the NEPOOL Agreement. The dispatch provisions shall be in accordance with the NEPOOL Agreement, as amended from time to time.

### 1.7 Billings and Payment

All bills shall be rendered monthly in such reasonable detail as the Buyer may request. All bills shall be due and payable within ten (10) days of presentation. In the event of a dispute as to the amount of any bill, the Buyer will notify the Seller of the amount in dispute, and the Buyer will pay to the Seller the entire amount of the bill, including the disputed amount. The Seller shall refund, with simple interest at the rate described below, any portion of the disputed amount ultimately found to be incorrect. In the event adequate billing data are not available, bills may be rendered on an estimated basis subject to prompt corrective adjustment when such data are received.

The Buyer shall not have the right to challenge any bill, invoice or statement or bring any court or administrative action of any kind questioning the same or seeking refunds after a period of 12 months from the date it is rendered. In the case of a bill, invoice, or statement containing estimates, the Buyer shall not have the right to challenge its accuracy after a period of 12 months from the date it is adjusted to reflect the actual amounts due.

When all or part of any bill shall remain unpaid for more than ten (10) days from receipt by the Buyer, the Buyer shall pay to the Seller simple interest at two percent over the then prime rate offered by Fleet Bank, its successors or assigns, with such interest to be computed on the unpaid amount from the date of rendering to the date final payment is received.

### 1.8 Indemnification

Each party shall indemnify and save the other party harmless from and against all costs and damages incurred by reason of bodily injury, death, or damage to property caused by, or sustained on, each of its own facilities. However, each of the parties shall be solely responsible for, and shall bear all costs of claims by its own employees, contractors, or agents, no matter where such event occurs, and each of the parties shall be solely responsible for, and shall bear all costs of claims by its own employees, contractors or agents arising under, and covered by, any workmen's compensation law.

### 1.9 Force Majeure

The Seller and the Buyer shall use due diligence to perform their obligations under this Power Contract, but conditions may arise which prevent or delay performance by a party because of causes beyond that party's reasonable control including, without limiting the generality of the foregoing, flood, earthquake, fire, explosion, epidemic, war, riot, civil disturbance, labor trouble, strike, sabotage, and restraints by court or public authority which by exercise of due diligence and foresight a party could not be expected to avoid. If a party is rendered unable to fulfill any obligations by reason of such causes, it shall be excused from performing to the extent it is prevented or delayed from so doing, but shall exercise due diligence to correct such inability with all reasonable dispatch, and shall not be liable for injury, damage, or loss resulting from such inability. However, settlement of strikes and labor disturbances shall be wholly within the discretion of the affected party. In no event will economic hardship be construed as a force Majeure event.

### 1.10 Dispute Resolution

The Seller and the Buyer shall attempt in good faith to resolve any disputes that may arise under this Power Contract. In the event that the Seller and the Buyer are unable to resolve any such dispute within 30 days of the date on which the dispute arises, they shall have recourse to mediation, arbitration, or other alternative dispute resolution device of their mutual selection. If the parties cannot agree on an alternative dispute resolution device they shall submit the dispute to arbitration. Any arbitration shall be by a single arbitrator selected by the parties.

### 1.11 Assignment

This Power Contract for the sale and purchase of capacity, energy and ancillary services shall inure to the benefit of, and shall bind the successors of the parties thereto, but shall not be assignable without the written consent of the other party, which consent shall be at the sole discretion of such other party.

### 1.12 Security

Security will be in accordance with the NEPOOL Financial Assurances Policy ("FAP") as modified from time to time and the downgrade events specified below. As such, so long as each party complies with both the FAP and the specified downgrade event they will be considered in good financial standing. In the event that either party does not comply with both the FAP and the specified downgrade event prior to or at any time during the term of this Power Contract, then the compliant party may require the non-compliant party to provide performance assurance in an amount and form determined by the compliant party in a commercially reasonable manner. In the event the non-compliant party fails to provide such required performance assurance in an amount and form determined by the compliant party in a commercially reasonable manner within three (3) business days of receipt of notice, then the compliant party may serve notice to the non-compliant party of intent to terminate this Power Contract within three (3) additional business days. If the required performance assurance is not provided during that term, and the non-compliant party remains non-compliant with either the FAP or the specified downgrade event, then the compliant party may terminate this Power Contract and calculate a termination payment that reflects the

liquidation of all obligations under this Power Contract. The termination payment shall be made by the party that owes it within two (2) business days after which notice of the termination payment amount and request for payment is served.

For FG&E, it shall be a downgrade event if its Net Worth falls below \$25,000,000. Net Worth is the value obtained by aggregating the following Common Stock equity accounts: Common Stock, Premium on Common Stock, Additional Paid-in-capital, Capital Stock Expense and Retained Earnings. Such Net Worth shall be exclusive of Accumulated Other Comprehensive Income, derived from pension and benefit obligations.

For Seller, it shall be a downgrade event if [please propose downgrade event terms].

### 1.13 Communications

Any notice, demand or request provided for in this Power Contract shall be deemed to be properly given or made if set forth in writing and delivered, or sent by first class mail postage prepaid, by facsimile or electronic mail to FG&E or to the Default Service Supplier, to the contacts identified, at the addresses listed below:

To FG&E:  
Mr. David K. Foote  
Senior Vice President  
Fitchburg Gas and Electric  
Light Company  
6 Liberty Lane West  
Hampton, NH 03842-1720  
Telephone: (603) 773-6430  
Facsimile: (603) 773-6630  
E-mail: foote@unitil.com

To Default Service Supplier:  
Contact Name: \_\_\_\_\_  
Contact Title: \_\_\_\_\_  
Company Name: \_\_\_\_\_  
\_\_\_\_\_  
Address: \_\_\_\_\_  
\_\_\_\_\_  
Telephone: \_\_\_\_\_  
Facsimile: \_\_\_\_\_  
E-mail: \_\_\_\_\_

### 1.14 Effect of Federal and State Laws

The obligations of the Seller and the Buyer hereunder are subject to any present and future Federal and State laws, regulations, orders, or other regulations duly promulgated.

### 1.15 Applicable Laws

This Power Contract shall be interpreted in accordance with the laws of the Commonwealth of Massachusetts.

## **ARTICLE II**

### **Rate Provisions**

#### 2.1 Charges

The Buyer shall pay monthly to the Seller the product of the monthly price per kWh listed in Section 2.2 below times by the monthly volume, as metered at Flag Pond using the estimation process described in 1.3.2 Load Reporting Obligations of this Power Contract, associated with Default Service Load Asset.

#### 2.2 Monthly Default Service Contract Prices

For all Default Service loads on behalf of FG&E's Large Customer Group, the firm requirements price shall be as follows. Note: Actual pricing will be according to the terms resulting from the RFP process.

##### Large Customer Group / Load Asset 1095

September, 2004	_____¢/kWh	100% of Load Asset
October, 2004	_____¢/kWh	100% of Load Asset
November, 2004	_____¢/kWh	100% of Load Asset

IN WITNESS HEREOF, the parties have caused this Power Contract to be executed by their respective authorized officials.

FITCHBURG GAS AND ELECTRIC  
LIGHT COMPANY d/b/a Unitil

Date: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

\_\_\_\_\_

(Default Service Supplier)

Date: \_\_\_\_\_

By: \_\_\_\_\_

Title: \_\_\_\_\_

**APPENDIX D: PROPOSED EEI MASTER AGREEMENT COVER SHEET**

# MASTER POWER PURCHASE AND SALE AGREEMENT

## COVER SHEET

This *Master Power Purchase and Sale Agreement* ("Master Agreement") is made as of the following date: \_\_\_\_\_ ("Effective Date"). The *Master Agreement*, together with the exhibits, schedules and any written supplements hereto, the Party A Tariff, if any, the Party B Tariff, if any, any designated collateral, credit support or margin agreement or similar arrangement between the Parties and all Transactions (including any confirmations accepted in accordance with Section 2.3 hereto) shall be referred to as the "Agreement." The Parties to this *Master Agreement* are the following:

Name: **FITCHBURG GAS AND ELECTRIC LIGHT COMPANY** ("FG&E" or "Party A")

All Notices:

Street: 6 Liberty Lane West

City: Hampton, NH Zip: 03842

Attn: David K. Foote

Phone: (603) 773-6430

Facsimile: (603) 773-6630

Duns: 00-695-4317

Federal Tax ID Number: 04-132-8660

### **Invoices:**

Attn: Accounts Payable

Phone: (603) 773-6526

Facsimile: (603) 773-6726

### **Scheduling:**

Attn: Energy Contracts

Phone: (603) 773-6436

Facsimile: (603) 773-6636

### **Payments:**

Attn: Finance and Administration

Phone: (603) 773-6502

Facsimile: (603) 773-6702

### **Wire Transfer:**

BNK: Fleet Boston

ABA: 011000390

ACCT: 508-34594

### **Credit and Collections:**

Attn: Finance and Administration

Phone: (603) 773-6496

Facsimile: (603) 773-6696

With additional Notices of an Event of Default or Potential Event of Default to:

Attn: LeBoeuf, Lamb, Greene & MacRae, L.L.P.

Phone: (617) 439-9500

Facsimile: (617) 439-0341

Name: ("Counterparty" or "Party B")

All Notices:

Street: \_\_\_\_\_

City: \_\_\_\_\_ Zip: \_\_\_\_\_

Attn: Contract Administration

Phone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

Duns: \_\_\_\_\_

Federal Tax ID Number: \_\_\_\_\_

### **Invoices:**

Attn: \_\_\_\_\_

Phone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

### **Scheduling:**

Attn: \_\_\_\_\_

Phone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

### **Payments:**

Attn: \_\_\_\_\_

Phone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

### **Wire Transfer:**

BNK: \_\_\_\_\_

ABA: \_\_\_\_\_

ACCT: \_\_\_\_\_

### **Credit and Collections:**

Attn: \_\_\_\_\_

Phone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

With additional Notices of an Event of Default or Potential Event of Default to:

Attn: \_\_\_\_\_

Phone: \_\_\_\_\_

Facsimile: \_\_\_\_\_

The Parties hereby agree that the General Terms and Conditions are incorporated herein, and to the following provisions as provided for in the General Terms and Conditions:

Party A Tariff      Tariff: N/A      Dated: \_\_\_\_\_      Docket Number: \_\_\_\_\_

Party B Tariff      Tariff: \_\_\_\_\_      Dated: \_\_\_\_\_      Docket Number: \_\_\_\_\_

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**Article Two**

Transaction Terms and Conditions      Optional provision in Section 2.4. If not checked, inapplicable.

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**Article Four**

Remedies for Failure to Deliver or Receive      Accelerated Payment of Damages. If not checked, inapplicable.

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**Article Five**

Events of Default; Remedies

☐ Cross Default for Party A:

☐ Party A: \_\_\_\_\_ Cross Default Amount \_\_\_\_\_

☐ Other Entity: \_\_\_\_\_ Cross Default Amount \$ \_\_\_\_\_

☐ Cross Default for Party B:

☐ Party B: \_\_\_\_\_ Cross Default Amount \$ \_\_\_\_\_

☐ Other Entity: \_\_\_\_\_ Cross Default Amount \$ \_\_\_\_\_

5.6 Closeout Setoff

☒ Option A (Applicable if no other selection is made.)

☐ Option B - Affiliates shall have the meaning set forth in the Agreement unless otherwise specified as follows: \_\_\_\_\_

☐ Option C (No Setoff)

---

**Article 8**

Credit and Collateral Requirements

8.1 Party A Credit Protection:

(a) Financial Information:

☒ Option A

☐ Option B Specify: \_\_\_\_\_

☐ Option C Specify: \_\_\_\_\_

(b) Credit Assurances:

☐ Not Applicable

☒ Applicable

(c) Collateral Threshold:

☒ Not Applicable

☐ Applicable

If applicable, complete the following:

Party B Collateral Threshold: \$ \_\_\_\_\_; provided, however, that Party B's Collateral Threshold shall be zero if an Event of Default or Potential Event of Default with respect to Party B has occurred and is continuing.

Party B Independent Amount: \$ \_\_\_\_\_

Party B Rounding Amount: \$ \_\_\_\_\_

(d) Downgrade Event:

- ☐ Not Applicable  
☒ Applicable

If applicable, complete the following:

- ☐ It shall be a Downgrade Event for Party B if Party B's Credit Rating falls below \_\_\_\_\_ from S&P or \_\_\_\_\_ from Moody's or if Party B is not rated by either S&P or Moody's.

- ☐ Other:  
Specify: \_\_\_\_\_

(e) Guarantor for Party B: \_\_\_\_\_

Guarantee Amount: \_\_\_\_\_

## 8.2 Party B Credit Protection:

(a) Financial Information:

- ☒ Option A  
☐ Option B Specify: \_\_\_\_\_  
☐ Option C Specify: \_\_\_\_\_

(b) Credit Assurances:

- ☐ Not Applicable  
☒ Applicable

(c) Collateral Threshold:

- ☒ Not Applicable  
☐ Applicable

If applicable, complete the following:

Party A Collateral Threshold: \$ \_\_\_\_\_; provided, however, that Party A's Collateral Threshold shall be zero if an Event of Default or Potential Event of Default with respect to Party A has occurred and is continuing.

Party A Independent Amount: \$ \_\_\_\_\_

Party A Rounding Amount: \$ \_\_\_\_\_

(d) Downgrade Event:

- ☐ Not Applicable  
☒ Applicable

If applicable, complete the following:

- ☐ It shall be a Downgrade Event for Party A if Party A's Credit Rating falls below \_\_\_ from S&P or \_\_\_ from Moody's or if Party A is not rated by either S&P or Moody's.

☒ Other:

Specify: It shall be a Downgrade Event for Party A only if Party A's Net Worth falls below \$25,000,000. Net Worth is the value obtained by aggregating the following Common Stock equity accounts: Common Stock, Premium on Common Stock, Additional Paid-in-capital, Capital Stock Expense and Retained Earnings. Such Net Worth shall be exclusive of Accumulated Other Comprehensive Income, derived from pension and benefit obligations.

(e) Guarantor for Party A: None

Guarantee Amount: \_\_\_\_\_

---

#### **Article 10**

Confidentiality ☐ Confidentiality Applicable ☐ If not checked, inapplicable.

Schedule M ☐ Party A is a Governmental Entity or Public Power System  
☐ Party B is a Governmental Entity or Public Power System  
☐ Add Section 3.6. If not checked, inapplicable  
☐ Add Section 8.6. If not checked, inapplicable

Other Changes: Yes Specify, if any: See below.

Section 1.50 shall be modified by replacing the words "Section 2.4" with "Section 2.5."

Section 1.60 shall be deleted in its entirety and replaced with the following.

1.60 "Transaction" means a particular transaction agreed to by the Parties relating to the sale by Party B and the purchase by Party A of a Product pursuant to this Master Agreement.

IN WITNESS WHEREOF, the Parties have caused this Master Agreement to be duly executed as of the date first above written.

Fitchburg Gas and Electric Light Company

Party B Name

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**DISCLAIMER: This Master Power Purchase and Sale Agreement was prepared by a committee of representatives of Edison Electric Institute (“EEI”) and National Energy Marketers Association (“NEM”) member companies to facilitate orderly trading in and development of wholesale power markets. Neither EEI nor NEM nor any member company nor any of their agents, representatives or attorneys shall be responsible for its use, or any damages resulting therefrom. By providing this Agreement EEI and NEM do not offer legal advice and all users are urged to consult their own legal counsel to ensure that their commercial objectives will be achieved and their legal interests are adequately protected.**

**Appendix E: FG&E Default Service Tariff, Effective 6-01-2004**

See file named “App E – DS Tariff.pdf”

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY  
DEFAULT SERVICE  
**SCHEDULE DS**

1. General

This Tariff may be revised, amended, supplemented or supplanted in whole or in part from time to time according to the procedures provided in MDTE regulations and Massachusetts law. In case of conflict between this Tariff and any orders or regulations of the MDTE, said orders or regulations shall govern.

2. Definitions

- A. "Company" shall mean Fitchburg Gas and Electric Light Company.
- B. "Competitive Supplier" shall mean any entity licensed by the MDTE to sell electricity to retail Customers in Massachusetts, with the following exceptions: (1) a Distribution Company providing Standard Offer Service and Default Service to its distribution Customers, and (2) a municipal light department that is acting as a Distribution Company.
- C. "Customer" shall mean any person, partnership, corporation, or any other entity, whether public or private, who obtains Distribution Service at a Customer Delivery Point and who is a Customer of record of the Company.
- D. "Customer Delivery Point" shall mean the Company's meter or a point designated by the Company located on the Customer's premises.
- E. "Default Service" shall mean the service provided by the Distribution Company to a Customer who is not receiving either Generation Service from a Competitive Supplier or Standard Offer Service, in accordance with the provisions set forth in this tariff.
- F. "Distribution Company" shall mean an electric company organized under the laws of Massachusetts that provides Distribution Service in Massachusetts.
- G. "Distribution Service" shall mean the delivery of electricity to Customers by the Distribution Company.
- H. "Generation Service" shall mean the sale of electricity, including ancillary services such as the provision of reserves, to a Customer by a Competitive Supplier.
- I. "MDTE" shall mean the Massachusetts Department of Telecommunications and Energy.
- J. "Retail Access Date" shall mean March 1, 1998, unless otherwise determined by the MDTE.

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY

DEFAULT SERVICE

**SCHEDULE DS (continued)**

K. "Standard Offer Service" shall mean the service provided by the Company for a term of seven years after the Retail Access Date, unless otherwise determined by the MDTE. The rates for this service shall be set at levels that achieve the overall Customer rate reductions required by St. 1997, c. 164, § 193 (G.L. c. 164, § IB). Availability for this service shall be in accordance with the provisions set forth in the Company's Standard Offer Service tariff, on file with the MDTE.

3. Availability

Default Service shall be available to any Customer who is not receiving Standard Offer Service and who, for any reason, has stopped receiving Generation Service from a Competitive Supplier.

4. Rates

Fixed Pricing Option:

This pricing option is available to all customers.

Effective January 1, 2001, all residential customers on Schedules RD-1 and RD-2 and small general service customers on Schedule GD-1 receiving Default Service will automatically be placed on this fixed rate, unless the Customer elects the Variable Monthly Pricing Option.

The fixed rate will remain the same for three or six months at a time and will be based on the average monthly wholesale price over the three or six-month period that the Company pays to its Default Service provider. The rate is fixed for a period of three months for customers on Schedules GD-2, GD-3, GD-4, GD-5 and SD. The rate is fixed for six months for customers on Schedules RD-1, RD-2, and GD-1.

Customers assigned to this Fixed Pricing Option may choose the Variable Monthly Pricing Option. Customers electing the Variable Monthly Pricing Option will not have the opportunity to switch back to the Fixed Pricing Option for as long as the Customer continues to receive uninterrupted Default Service.

Monthly bills will be recalculated for Customers who are on the Fixed Pricing Option for Default Service and decide to switch to a competitive supplier before the three or six-month period is over. The electric bill for the period of the fixed three or six month rate will be recalculated using the monthly variable rate for that period. This ensures that all consumers pay the actual cost of electricity they have used. This adjustment may be a credit or a debit, and will be reflected on the first bill after the switch is effective.

Residential customers on Schedules RD-1 and RD-2 and small general service customers on Schedule GD-1 who switch to a competitive supplier and later return to Default Service will

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**SCHEDULE DS (continued)**

be initially placed on the Fixed Pricing Option unless the Customer elects the Variable Monthly Pricing Option.

The rates for Fixed Pricing Option Default Service shall be as follows:

For Schedules RD-1, RD-2:	\$0.06186 per kWh
For Schedule GD-1:	\$0.06198 per kWh
For Schedules GD-2, GD-4, GD-5, SD:	\$0.07420 per kWh
For Schedule GD-3:	\$0.07180 per kWh

Variable Monthly Pricing Option:

This option is available to all customers.

Effective January 1, 2001, general service customers on Schedules GD-2, GD-3, GD-4, and GD-5 and outdoor lighting customers on Schedule SD receiving Default Service will automatically be placed on this variable monthly rate option, unless the Customer elects the Fixed Pricing Option.

The variable rate will change from month to month reflecting the monthly wholesale price that the Company pays to its Default Service provider.

Customers assigned to the Variable Monthly Pricing Option may choose the Fixed Pricing Option. Customers electing the Fixed Pricing Option will not have the opportunity to switch back to the Variable Monthly Pricing Option for as long as the Customer continues to receive uninterrupted Default Service.

General service customers on Schedules GD-2, GD-3, GD-4, and GD-5 and outdoor lighting customers on Schedule SD who decide to switch to a competitive supplier and later return to Default Service will be initially placed on the Variable Monthly Pricing Option, unless the Customer elects the Fixed Pricing Option.

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The rates for Variable Monthly Pricing Option Default Service shall be as follows (per kWh):

<u>Class</u>	<u>June</u> <u>2004</u>	<u>July</u> <u>2004</u>	<u>August</u> <u>2004</u>	<u>September</u> <u>2004</u>	<u>October</u> <u>2004</u>	<u>November</u> <u>2004</u>
Residential: Schedules RD-1 and RD-2	\$0.05994	\$0.06738	\$0.06775	\$0.05845	\$0.05726	\$0.05794
Small General Service: Schedule GD-1	\$0.06005	\$0.06750	\$0.06788	\$0.05856	\$0.05737	\$0.05804
Regular General Service and Outdoor Lighting: Schedules GD-2, GD-4, GD-5 and SD	\$0.06887	\$0.07729	\$0.07593	N/A	N/A	N/A
Large General Service: Schedule GD-3	\$0.06680	\$0.07497	\$0.07364	N/A	N/A	N/A

These rate(s) for Default Service are established through a competitive bidding process, but in no case shall exceed the average monthly market price for electricity, as determined by the MDTE.

Customers will be notified of changes in Default Service rates in advance of their effective dates in accordance with guidelines set forth by the MDTE, as may be amended from time to time. Such notifications will be made in a variety of manners including a toll free number, the Company's website, bill inserts, and bill messages. Notification of rates will be made via the Company's website at [www.unitil.com](http://www.unitil.com) and a toll free number 30 days in advance of the effective date. Default Customers will receive 60 day notification of upcoming rate changes via a bill message and 30 day notification of the new rates via a bill message. All customers will receive a bill insert explaining Default Service in the billing cycle prior to the rate change.

5. Billing

Each Customer receiving Default Service shall receive one bill from the Company, reflecting unbundled charges for their electric service.

6. Initiation of Default Service

Default service may be initiated in any of the following manners:

- A. A Customer who is receiving Generation Service from a Competitive Supplier notifies the Company that he wishes to terminate such service and receive Default Service. In this instance, Default Service shall be initiated within two (2) business days of such notification for residential Customers. For other Customers, Default Service shall be

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**SCHEDULE DS (continued)**

initiated concurrent with the Customer's next scheduled meter read date, provided that the Customer has provided such notification to the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers. If the Customer provided such notification fewer than two (2) days before the Customer's next scheduled meter read date, Default Service shall be initiated concurrent with the Customer's subsequent scheduled meter read date;

- B. A Competitive Supplier notifies the Company that it shall terminate Generation Service to a Customer. In this instance, Default Service shall be initiated for the Customer concurrent with the Customer's next scheduled meter read date, provided that the notice of termination of Generation Service is received by the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers. If the notice of termination is received fewer than two (2) days before the Customer's next scheduled meter read date, Default Service shall be initiated concurrent with the Customer's subsequent scheduled meter read date;
- C. A Competitive Supplier ceases to provide Generation Service to a Customer, without notification to the Company. In this instance, Default Service to the Customer shall be initiated immediately upon the cessation of Generation Service;
- D. A Customer taking Standard Offer Service has not chosen affirmatively a Competitive Supplier at the end of the term of Standard Offer Service.

7. Termination of Default Service

Default Service may be terminated by a Customer concurrent with the Customer's next scheduled meter read date provided that notice of initiation of Generation Service by a Competitive Supplier is received by the Company two (2) or more business days before the next scheduled meter read date, in accordance with the Company's Terms and Conditions for Competitive Suppliers.

If the notice of initiation of Generation Service by the Competitive Supplier is received by the Company fewer than two days before the Customer's next scheduled meter read date, Default Service shall be terminated concurrent with the Customer's subsequent scheduled meter read date.

There shall be no fee for terminating Default Service.

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**SCHEDULE DS (continued)**

8. Reconciliation of Default Service Costs

At the end of each calendar year, the Company shall reconcile recoveries with the cost of Default Service pursuant to the Company's Default Service Adjustment - Schedule DSA, MDTE No. 101. Effective December 1, 2002, Default Service costs include:

1) Supplier Costs: The costs billed to FG&E by its Default Service providers plus the cost of Renewable Energy Certificates purchased for Default Service in compliance with 225 CMR 14.00 – Renewable Energy Portfolio Standard. Renewable Energy Certificates are the title or claim for the generation attributes associated with a Renewable Generator that is compliant with the definition of a New Renewable Generation Source as found in 225 CMR 14.00 – Renewable Energy Portfolio Standard.

2) Cost of Working Capital, calculated as follows,

Cost of Working Capital = Working Capital Requirement \* Tax Adjusted Cost of Capital,

where:

Working Capital Requirement = Supplier Costs \* Number of Days Lag/365

Number of Days Lag is the number of days lag to calculate the purchased power working capital requirement as defined in the Company's most recent Lead Lag Study approved by the Department,

Tax Adjusted Cost of Capital = Cost of Debt + (Cost of Equity/(1-Effective Tax Rate))

where:

The Cost of Debt is the debt component of the rate of return as approved by the Department in the Company's most recent base rate case,

The Cost of Equity is the equity component of the rate of return as approved by the Department in the Company's most recent base rate case, and

The Effective Tax Rate is the combined effective state and federal income tax rate;

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3) Bad Debt Costs, calculated as follows,

$$\text{Bad Debt Costs} = \text{Bad Debt Expense} * \text{Allocation Factor}$$

where:

Bad Debt Expense are test year bad debt expense as approved by the Department in the Company's most recent base rate case,

The Allocation Factor as approved by the Department in the Company's reconciliation filing. Such allocation factor shall be based on a percentage of actual account write-offs recorded and tracked for the DS billing components to total write-offs.